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Changing Structure and Evolution of the Convenience Food Sector

by

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The convenience food portion of our food distribution system continues to provide more and more opportunities and of course challenges for the food distributor.

The convenience store industry, which began over 60 years ago, soon recognized the need for a quick, ready-to-eat food for its customers. The easiest food to provide was a sandwich. So the enterprising operator made sandwiches daily at home or in the back room of the store to satisfy this consumer need. With the advent of mechanical refrigeration operators could not only increase shelf life by a few days, but they were able to add variety to their menus. Then, many years later, the microwave oven came along. This provided the means to heat food quickly and thus expand the menu to hot sandwiches and other items such as pizza, burritos, etc. From these small beginnings, we have seen food service continue to grow. In 1987 food service accounted for 10.3 percent of convenience store sales as compared to 8.7 percent in 1986. More importantly, food service contributed 12.4 percent of a store's profits. This is one reason we see growing interest in this area.

A market had now developed and we then observed the formation of sandwich shops, or plants. The sandwiches produced in these plants were distributed as fresh or frozen products through a central distribution system and then displayed refrigerated in the store.

Our boss, the consumer, seemed to feel these prepared products were too "sterile" looking. The consumer wanted the look of "home made." So we saw the move again to prepare the sandwiches in the store. However, the

health department had now become more sophisticated and more aware of food poisoning and spoilage organisms. So instead of making products in the back room, the stores put in the delicatessen operation. This required proper refrigeration, proper sanitation (to include three compartment sinks for washing equipment), proper floors, etc. This was also found to be a very labor intensive way of doing business.

The move at present seems to be either a return to selling prepared sandwiches from the sandwich plant, or to buying prepared sandwiches in bulk, adding condiments at the store, and then hand wrapping for that home-made fresh look.

As you can see the convenience stores have come full circle in preparing sandwiches in the store as well as in merchandising prepared sandwiches.

What is the future for convenience food and the food distributor?

It would appear to me that the convenience store and the fast food outlet are both areas which are available to the distributor of the future. We are seeing today hot food displays, dry heat as well as steam table and/or heat lamp types. We are observing condiment bars where the consumer adds lettuce, tomato, onion, relish, hot chili sauce, cheese sauce, etc. We are finding small salad bars in these establishments and soup kettles, microwave popcorn, fountain drinks, frozen beverages, fresh juices, and the list goes on and on.

The convenience store and the fast food outlet have all types of quick, ready-to-eat food

products. These products normally are portion controlled so that the operator has control of his costs. In my opinion, the convenience store and fast food outlet will continue to expand this portion of its business.

What does this mean to the food distributor? I believe that the distributor of the future will:

1. *Expand the medium temperature (35° to 40°F) refrigeration and freezer storage capacity of the facility.* With the continued improvement and introduction of new products, the distributor will need considerably more chill and freezer space. A fairly large chill area for handling produce will also be required. S/he will need to decide whether or not to perform partial processing of the produce, i.e., shredding lettuce, slicing tomatoes, slicing onions, etc. Whereas at present chill and freeze make up only about 20 percent of the warehouse, I believe the future warehouse will have at least 50 percent of its capacity in freeze and chill.
2. *Delivery vehicle design will need to be more critical of temperature controls.* The distributor will look for better trailers where s/he can maintain 0° to -10°F or -10° to -20°F in frozen and probably 33°F to 38°F in the refrigerated area of the trailer. Since some refrigerated items lose half of their shelf life if stored at 45°F, the distributor can ill afford to neglect this area. In conjunction with this, the distributor may also find s/he will need to make two or more deliveries per week to stores that are only serviced once per week at present.
3. *Store equipment group.* The distributor will need to make an overt decision regarding store equipment such as coffee makers, microwave ovens, hot pots, ice makers, etc. Will s/he supply these items to stores to help move more products? If so, will s/he also provide service and maintenance? This can evolve into an entirely separate, and, I might add, profitable business.
4. *A good distributor will have a crisis program.* The distributor will have a program to allow the handling of any required recall effectively and efficiently. There will be SAVE harmless clauses on all products passing through the warehouse.
5. *Quality assurance (Q.A.) department with laboratory.* With the produce and the products being supplied, customers will also want to be assured they are receiving the quality for which they are paying. The Q.A. department will need specifications written for each product. It will also require specifications for the packaging materials used. It will need to insure proper rotation is followed and shelf life is strictly controlled. It will be required to perform both microbiological and chemical analysis on finished products. It will assist the customer in audits of products from the customer's suppliers. Q.A. will act as a liaison with all governmental agencies.

The convenience food sector of the distribution system is still in its infancy. A distributor should begin making plans now and start implementing the above programs if s/he wants to participate in this growth industry.